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Five-Year Growth Expected For Federal Health IT Budget

Drivers for spending include aging baby boomers, returning veterans, and possible legislation from Congress, according to an industry report.

By [Marianne Kolbasuk McGee](#)
 InformationWeek

February 21, 2008 06:00 AM

With the government's push to digitized health care records, the federal health IT market is expected to grow to \$4.5 billion in the next five years, predicts a new report released on Wednesday.

Federal health IT spending will compound annually at about 7.1% to about \$4.5 billion in 2013, from \$3.2 billion in 2008, according to the new report by research firm Input, entitled succinctly, "Federal Health IT Market 2008-2013."

Health IT spending by the [federal government](#) will grow faster than overall federal IT spending, said Input. In his budget proposals for fiscal 2009 beginning Oct. 1, President Bush is requesting a federal IT budget of \$71 billion, which is 3.8% larger than fiscal 2008.

Growth of federal IT spending will likely grow even more rapidly once [interoperability](#) and other developing health IT standards are widely adopted, said the Input report.

Also, while adoption of e-health record systems nationwide by U.S. doctor offices is estimated at less the 20%, and under 30% for hospitals, growth in the federal health IT market -- and U.S. health IT market -- overall will likely accelerate as more e-health records are digitized and providers, payers and other players seek to share this data.

Other drivers for federal health IT spending in coming years includes the aging population of baby boomers, returning veterans from Iraq and Afghanistan, and possible legislation from Congress promoting or mandating use of e-health technologies.

In the federal budget for fiscal 2009 proposed by President Bush earlier this month, health IT spending, including that by the Department of Defense, Department of Veterans Affairs, and the Department of Health and Human Services, is proposed to stay about flat, or \$5.5 billion in fiscal 2009, compared with fiscal 2008.

Input's federal health IT spending estimates are less than those figures proposed by Bush's budget because Input has a "more narrow" focus on what is classified as health IT spending, said Input analyst John Slye, author of the report.

Input's figures are based on a "tight look" at the federal government's health IT spending related to "promoting health, providers and payers" and doesn't include agency spending related to other unrelated programs, said Slye.

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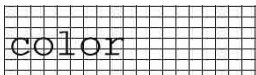
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